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March 28, 2017

Charter School Board
Tindley Accelerated Schools, Inc.
3960 Meadows Drive
Indianapolis, IN 46205

We have reviewed the Indiana State Board of Accounts Compliance Report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. In our opinion, the Compliance Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 through 6 contain eight audit results and comments. Management's response directly follows each finding.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Tindley Accelerated Schools, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The Compliance Report and the Financial Statements and Independent Auditors' Reports are filed in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
TINDLEY ACCELERATED SCHOOLS INC.**

**MARION COUNTY, INDIANA
July 1, 2015 to June 30, 2016**

TINDLEY ACCELERATED SCHOOLS INC.

MARION COUNTY, INDIANA
July 1, 2015 to June 30, 2016

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TINDLEY ACCELERATED SCHOOLS INC.
ORGANIZATION OFFICIALS
July 1, 2015 to June 30, 2016

Office	Official	Term
Chancellor and CEO	Kelli Marshall	February 8, 2016 to June 30, 2016
Controller	Terri Anderson	July 1, 2015 to June 30, 2016
Charter Board Treasurer	Mark Bruin	July 1, 2015 to June 30, 2016

TRANSMITTAL LETTER

Board of Trustees
Tindley Accelerated Schools Inc.
Indianapolis, Indiana

We have audited the financial statements of Tindley Accelerated Schools Inc. ("Organization") for the period from July 1, 2015 to June 30, 2016, and have issued our report thereon March 14, 2017. As part of our audit, we performed certain tests of the Organization's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual ("Manual") for the audits of Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audited Results and Comments are matters where we believe the Organization was not in compliance with those provisions. However, providing an opinion on compliance with the Manual was not an objective of our tests, and accordingly, we do not express such an opinion.

The Organization's responses to the findings identified in our report are described in the accompanying pages. The Organization's responses was not subjected to the procedures applied in the tests of the Organization's compliance with the Manual and, accordingly, we express no opinion on them.



Crowe Horwath LLP

Indianapolis, Indiana
March 14, 2017

TINDLEY ACCELERATED SCHOOLS INC.
AUDIT RESULTS AND COMMENTS
July 1, 2015 to June 30, 2016

FINDING 2016-004: ADVANCE PAYMENTS

Criteria: Part 10 of the Indiana Charter School Manual states in part, "*Compensation and any other payments for goods and services shall not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.*"

Condition: During testing of vendor disbursements, we noted one instance in a sample of 32, in which payment, in the amount of \$15,812, was requested in advance.

Recommendation: We recommend the Organization does not request for payment of goods and services until they are provided in order to prevent advance payments.

Management Response: Somewhat agree – Management abides by Part 10 of the Indiana Charter School Manual. The one exception each year is the contract that is executed by the Development team for the Trailblazer fundraiser dinner. Per the vendor requirements, half the project budget is billed upon the proposal acceptance. Depending on the length of the project, the terms are usually Net 15 or Net 30. This covers preproduction, any scripting that is necessary, and a portion of the production work. The last half of the payment covers the remainder of the production work as well as the post-production work or edit. The vendor requires payment in order to begin work. The payments are stipulated by the contract.

FINDING 2016-005: PENALTIES, INTEREST, AND OTHER CHARGES

Criteria: Part 10 of the Indiana Charter School Manual states in part, "*Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.*"

Condition: During testing of vendor disbursements, we noted one instance in a sample of 32, in which penalties, in the amount of \$1,059.68, were remitted on behalf of late disbursement. In the same testing, we noted one other instance in which \$22.84 was remitted as an interest expense.

Recommendation: We recommend the Organization remit payment for goods and services timely in order to prevent an assessment of late charges or penalties by the vendor.

Management Response: Agree - Many of our vendors are pay upon receipt which does not allow for timely payment as the vendor payment is due before the receipt of the invoice. Management continues to pursue 30 to 60 day terms with new and existing vendors. In addition, management is working with vendors to change/update the billing address on invoices to have invoices sent directly to the Network offices versus the school in which the goods and services are received.

TINDLEY ACCELERATED SCHOOLS INC.
AUDIT RESULTS AND COMMENTS
July 1, 2015 to June 30, 2016

FINDING 2016-006: FORM 9 RECONCILIATION

Criteria: Part 9 of the Indiana Charter School Manual states in part, *"The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30."*

Condition: During testing Crowe noted 3 of the 6 schools had an ending cash balance that didn't reconcile to the bank reconciliation provided.

Recommendation: We recommend the implementation of new policies and procedures to ensure all the 12/31 and 6/30 ending cash balances reconcile to their corresponding bank reconciliation schedules.

Management Response: Agree – The implementation of the new accounting system made it necessary to implement new Form 9 processes. Testing and process review is ongoing. Once this stage of implementation is completed, new policies and procedures will be developed collaboratively with the new CFO to ensure financial information is properly and accurately reported on the cash and accrual basis.

FINDING 2016-007: SCHOOL LUNCH FORMS

Criteria: Part 2 and Part 17 of the Indiana Charter School Manual states in part:

"School Food Form SF-2, Daily Record of Cash Received, categorizes cash receipts on a daily basis and must be totaled monthly."

"School Food Form SF-2A, Daily Record of Meals/Milk Served, records daily the number of meals/milk served and must be totaled monthly and will be a source of information for preparation of the monthly claim for federal reimbursement."

"School Food Form SF-3, Cash Disbursements and Fund Balance, is used to record on a daily basis the disbursements of the School Food Service Program and together with the SF-2 acts as the source information for the calculation of the fund balance as shown on the SF-3."

Condition: During testing, Crowe noted the Organization failed to utilize the required state forms as prescribed by SBOA to track and reconcile daily records.

Recommendation: We recommend the implementation of new policies and procedures to ensure required state forms are being utilized.

Management Response: Somewhat agree – Management currently utilizes a Point of Sale System that captures and reports all necessary information required on the forms listed above. The Tindley Accelerated Point of Sale System has been approved by the DOE School Nutrition department. The Organization will seek further approval of our current Point of Sale System from SBOA

TINDLEY ACCELERATED SCHOOLS INC.
AUDIT RESULTS AND COMMENTS
July 1, 2015 to June 30, 2016

FINDING 2016-008: TICKET SALES PROCEDURES

Criteria: Part 8 of the Indiana Charter School Manual states in part, *"Serially pre-numbered tickets by the printing supplier shall be used for all athletic and other social activities and events for which admission is charged. Ticket sales conducted by any activity shall be accounted for as follows: The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form."*

Condition: During testing Crowe noted a lack in required information within the Organization's ticket form per SBOA guidelines. Additionally, Crowe noted inadequate supporting documentation being kept for items selected for testing.

Recommendation: We recommend the implementation of new policies and procedures to ensure all the required information is being put into the ticket form template and adequate supporting documentation is being kept.

Management Response: Agree – The accounting policies and procedures currently reflect the SBOA requirements. The forms have been updated and are being utilized.

FINDING 2016-009: MONTHLY RECONCILIATIONS

Criteria: Part 8 of the Indiana Charter School Manual states in part, *"All financial records must be kept up-to-date and reconciled monthly."*

Condition: During testing, Crowe noted that the cash and accounts payable reconciliations were the only reconciliation being reconciled on a monthly basis. Other balance sheet accounts were not reconciled on a monthly basis.

Recommendation: We recommend the implementation of new policies and procedures to ensure reconciliations are being done for all accounts on a monthly basis.

Management Response: Agree – Management will review and update the accounting procedures related to balance sheet account reconciliations and the reconciliation frequency. If within the review it is determined that it is not feasible to integrate the prescribed procedure into our processes then we will address the change with the SBOA.

TINDLEY ACCELERATED SCHOOLS INC.
AUDIT RESULTS AND COMMENTS
July 1, 2015 to June 30, 2016

FINDING 2016-010: SALES TAX

Criteria: Part 10 of the Indiana Charter School Manual states in part, "*Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in approved travel status may include state sales tax. However, it shall be kept in mind that claims for all such reimbursements must be supported by a fully itemized receipt showing date(s) of lodging, the name(s) of the person(s) occupying the room and the amount paid.*"

Condition: During testing of vendor disbursements, we noted one instance in a sample of 32, in which sales tax, in the amount of \$16.40, was remitted.

Recommendation: We recommend the implementation of new policies and procedures to ensure you are in compliance with the current and most recent SBOA guidelines.

Management Response: Agree – Management will update the accounting and travel procedures to include the most recent SBOA guidelines for Sales Tax exemption.

FINDING 2016-011: RECEIPT ISSUANCE

Criteria: Part 10 of the Indiana Charter School Manual states in part, "*Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions.*"

Condition: During testing of cash receipts, we noted six instances in a sample of 32, in which multiple days had passed from when cash or checks were received and deposited.

Recommendation: We recommend the implementation of new policies and procedures to ensure deposits are being deposited on a daily basis in accordance with SBOA guidelines.

Management Response: Somewhat agree – Management should review the current process and determine whether it is feasible to integrate the prescribed procedure into the current processes or have the current process approved by the SBOA.

TINDLEY ACCELERATED SCHOOLS INC.
EXIT CONFERENCE
July 1, 2015 to June 30, 2016

The contents of this report were discussed on March 14, 2017, with Kelli Marshall, Chancellor, Terri Anderson, Controller, and Mark Bruin, Charter Board Treasurer. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.